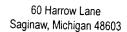
AUDITING PROCEDURES REPORT Issued under P.A. 2 of 1968, as amended. Filing is mandatory.

Local Government Type City Township	☐ Village ☐ Other	Local Govern	_	- FREE	50/6	County	450N	
Audit Date 3-31-04	Opinion Date	24	Date Accountant	Report Submitted	to State:	1 ////	3010	
We have audited the fir prepared in accordance Reporting Format for F Department of Treasury. We affirm that:	with the Statements Financial Statements	. af tha /	nit of governme	nt and render	DEFF. OF	WE Dy	cial statement and the <i>Unifori</i> the Michiga	
We affirm that: 1. We have complied with the Bulletin for the Audits of Local Units of Government in Michigan as revised. 2. We are certified public accountants registered to practice in Michigan.								
2. We are certified pub	lic accountants regis	tered to prac	tice in Michiga	n.	AL HODII & F	MANCE DIV.	I	
We further affirm the foll the report of comments a	owing. "Yes" respons and recommendation	ses have bee s	en disclosed in	the financial s	tatements, i	ncluding th	e notes, or in	
You must check the appl								
yes no 1. Ce	ertain component unit	s/funds/age	ncies of the loc	al unit are exc	luded from t	he financia	al statements	
yes no 2. Th	ere are accumulate rnings (P.A. 275 of 19	d deficits in 980).	one or more	of this unit's	unreserved	I fund bala	ances/retaine	
yes no 3. Th	ere are instances of 68, as amended).	non-compli	ance with the	Uniform Acco	unting and I	Budgeting	Act (P.A. 2 d	
yes no 4. Th	e local unit has viola its requirements, or a	ited the cond in order issu	ditions of either ed under the E	an order issumergency Mu	ued under th nicipal Loan	ie Municipa Act.	al Finance Ad	
yes no 5. The	e local unit holds de _l 1943, as amended [N	oosits/invest ICL 129.91],	ments which do or P.A. 55 of 1	not comply v 982, as amen	with statutor ided [MCL 3	y requirem 8.1132]).	ents. (P.A. 20	
yes no 6. The	e local unit has been t.	delinquent i	n distributing ta	ax revenues th	nat were coll	ected for a	nother taxing	
ear the	yes 7. The local unit has violated the Constitutional requirement (Article 9, Section 24) to fund current year earned pension benefits (normal costs) in the current year. If the plan is more than 100% funded an the overfunding credits are more than the normal cost requirement, no contributions are due (paiduring the year).							
yes 1 no 8. The	e local unit uses cred 5 (MCL 129.241).	it cards and	has not adopte	ed an applicat	ole policy as	required b	у Р.А. 266 о	
yes no 9. The	local unit has not ac	lopted an inv	estment policy	as required b	y P.A. 196 d	of 1997 (M	CL 129.95).	
We have enclosed the	following:			Enclos		Be varded	Not Required	
The letter of comments ar	d recommendations.	PG	19	X			rtoquiled	
Reports on individual fede	ral financial assistan	ce programs	(program audi	ts).			X	
Single Audit Reports (ASL	GU).						X	
Certified Public Accountant (Firm Name) BERT	141 AU1	NE & CC	MPANY	CPAS	5		
Certified Public Accountant (Street Address	HARROW LA	NE	City 5	461NAW	State	1/ ZIPY	8603	
Accountant Signature	ren uti hi	O. Lui	house			<u>'</u>		

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(989) 791-1555 Fax (989) 791-1992



INDEPENDENT AUDITORS' REPORT

To the Township Board Township of Free Soil Mason County, Michigan

We have audited the accompanying general purpose financial statements of the Township of Free Soil, Mason County, Michigan as of March 31, 2004 and for the year then ended, as listed in the table of contents. These general purpose financial statements are the responsibility of the Township of Free Soil's management. Our responsibility is to express an opinion on these general purpose financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the general purpose financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall general purpose financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the general purpose financial statements referred to above present fairly, in all material respects, the financial position of the Township of Free Soil, Michigan, as of March 31, 2004, and the results of its operations and cash flows of its proprietary fund type for the Year then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was made for the purpose of forming an opinion on the general purpose financial statements taken as a whole. The supplemental information listed in the table of contents is presented for purposes of additional analysis and is not a required part of the general purpose financial statements of the Township of Free Soil, Michigan. Such information has been subjected to the auditing procedures applied in the audit of the general purpose financial statements, and in our opinion, the information is fairly stated in all material respects in relation to the general purpose financial statements taken as a whole.

June 17, 2004

Berthium & G.

ALL FUND TYPES AND ACCOUNT GROUPS

COMBINED BALANCE SHEET

March 31, 2004

		GOVERNMENTAL FUND TYPES			F	FIDUCIARY FUND TYPES		ACCOUNT GROUPS		Totals
		General		Special Revenue		Trust & Agency		General Fixed Assets		morandum only) Primary overnment
ASSETS:										
Cash and equivalents Taxes receivable Due from other governmental units	\$	49,344 2,966	\$	47,776 -	\$	1,500 -	\$	-	\$	98,620 2,966
Due from other funds Property, plant, and equipment,		6,417 1,500		-		-		-		6,417 1,500
net	_	-		-		-		77,256		77,256
Total assets	\$	60,227	\$	47,776	\$	1,500	\$	77,256	\$	186,759
LIABILITIES AND FUND EQUITY: Liabilities: Accounts payable Due to other funds	\$	1,487	\$	-	\$	1,500	\$	-	\$	1,487
Total liabilities		1,487				1,500				1,500
Fund Equity: Investment in general fixed assets Fund Balance:		-		<u>-</u>		-		77,256		2,987 77,256
Unreserved, undesignated		58,740		47,776		_		-		106,516
Total fund equity		58,740		47,776		-		77,256		183,772
Total liabilities & fund equity	\$	60,227	\$		\$	1,500	\$		\$	186,759

ALL GOVERNMENTAL FUND TYPES

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

REVENUES: Special Revenue Primary Government Property taxes Intergovernmental: \$ 24,482 \$ 24,482 State grants 49,231 385 49,616 Interest and rentals 1,717 — 47,717 1,717 Other revenue 7,938 400 8,388 Total revenues 83,368 785 84,153 EXPENDITURES: General government 47,723 — 47,723 Public safety 12,636 139 12,775 Public works 18,375 — 18,375 Recreation and culture 100 — 70 70 Capital outlay 770 — 770 Total expenditures 3,764 646 4,410 Excess of revenues over (under) expenditures — 5 — 5 Total other financing sources (uses) — 5 — 6 Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Excess of revenues and other financing uses 54,976 47,130 102,106 <		 GOVERNMENTAL FUND TYPES			Totals (memorandum only)		
REVENUES: Property taxes \$ 24,482 \$ - \$ 24,482 Intergovernmental: 49,231 385 49,616 Interest and rentals 1,717 - 1,717 1,717 Other revenue 7,938 400 8,388 Total revenues 83,368 785 84,153 EXPENDITURES: Stype 12,636 139 12,775 Public safety 12,636 139 12,775 Public works 18,375 - 18,375 Recreation and culture 100 - 100 Capital outlay 770 - 770 Total expenditures 3,764 646 4,410 Excess of revenues over (under) expenditures 3,764 646 4,410 Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106		C 1			Primary		
Intergovernmental: State grants	REVENUES:	 General		Revenue		overnment	
Interest and rentals 1,717 - 1,717 Other revenue 7,938 400 8,388 Total revenues 83,368 785 84,153 EXPENDITURES: General government 47,723 - 47,723 Public safety 12,636 139 12,775 Public works 18,375 - 18,375 Recreation and culture 100 - 100 Capital outlay 770 - 770 Total expenditures 3,764 646 4,410 OTHER FINANCING SOURCES (USES): Transfers to other funds - - - Total other financing sources (uses) - - - Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	Intergovernmental:	\$ 24,482	\$	-	\$	24,482	
1,717		49,231		385		49,616	
Total revenues 7,538 400 8,388 83,368 785 84,153 EXPENDITURES: General government 47,723 - 47,723 Public safety 12,636 139 12,775 Public works 18,375 - 18,375 Recreation and culture 100 - 100 Capital outlay 770 - 770 Total expenditures 3,764 646 4,410 Excess of revenues over (under) expenditures 3,764 646 4,410 Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	· · · · · · · · · · · · · · · · · · ·			-		-	
EXPENDITURES: General government		 7,938		400		8,388	
General government 47,723 - 47,723 Public safety 12,636 139 12,775 Public works 18,375 - 18,375 Recreation and culture 100 - 100 Capital outlay 770 - 770 Total expenditures 79,604 139 79,743 Excess of revenues over (under) expenditures 3,764 646 4,410 OTHER FINANCING SOURCES (USES): Transfers to other funds - Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	Total revenues	 83,368		785		84,153	
Public safety Public works 12,636 139 12,775 Public works 18,375 Recreation and culture Capital outlay Total expenditures Total expenditures Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses Tund balances, beginning of year Total balances and other financing of year	EXPENDITURES:						
Public safety Public works Public works Public works Recreation and culture Capital outlay Total expenditures Excess of revenues over (under) expenditures Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses Tund balances, beginning of year 12,636 139 12,775 18,375 - 18,375 - 770 - 77		47,723		-		47 723	
Recreation and culture Capital outlay Total expenditures Excess of revenues over (under) expenditures Total other financing sources (uses) Excess of revenues and other financing uses Excess of revenues and other financing uses Tund balances, beginning of year Excess of year 18,375 - 18,375 - 100 - 770 770 - 770 79,604 139 79,743 646 4,410		12,636		139			
Capital outlay Total expenditures 770 770 770 770 770 770 770 7		,		_			
Total expenditures 79,604 139 79,743 Excess of revenues over (under) expenditures 3,764 646 4,410 OTHER FINANCING SOURCES (USES): Transfers to other funds Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106				-			
Excess of revenues over (under) expenditures 3,764 646 4,410 OTHER FINANCING SOURCES (USES): Transfers to other funds Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	•	 770	· · · · · · · · · · · · · · · · · · ·	-		770	
OTHER FINANCING SOURCES (USES): Transfers to other funds Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	Total expenditures	 79,604		139		79,743	
Transfers to other funds Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	Excess of revenues over (under) expenditures	 3,764		646		4,410	
Total other financing sources (uses) Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	OTHER FINANCING SOURCES (USES):						
Excess of revenues and other financing sources over (under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	·	_		_		_	
(under) expenditures and other financing uses 3,764 646 4,410 Fund balances, beginning of year 54,976 47,130 102,106	Total other financing sources (uses)	 -		-		-	
Fund halance and a 6-	Excess of revenues and other financing sources over (under) expenditures and other financing uses	3,764		646		4,410	
Enad belonger and of the	Fund balances, beginning of year	54,976		47,130		102,106	
	Fund balances, end of year	\$ 58,740	\$		\$		

GENERAL AND SPECIAL REVENUE FUNDS

COMBINED STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET TO ACTUAL

	_	GENERAL FUNDS			SPECIAL REVENUE FUNDS					
					I	Variance Favorable				Variance Favorable
REVENUES:		Budget		Actual	(U	nfavorable)	Budget		Actual (Ui	nfavorable)
Taxes Intergovernmental:	\$	24,000	\$	24,482	\$	482 5	-	\$	-	\$ -
State grants Interest and rentals		51,400 2,250		49,231 1,717		(2,169) (533)	385		385	-
Other revenue	_	5,900		7,938		2,038	500		400	(100)
Total revenues	_	83,550		83,368		(182)	885		785	(100)
EXPENDITURES:										-
General government Public safety		70,125 13,500		47,723 12,636		22,402 864	385		- 139	- 246
Public works		29,520		18,375		11,145	-		-	240
Recreation and culture Capital outlay		300 6,750		100 770		200 5,980	-		-	-
Total expenditures		120,195		79,604		40,591	385		139	246
Excess of revenues over (under) expenditures		(36,645)		3,764		40,409	500		646	146
OTHER FINANCING SOURCES (USES):										
Transfers to other funds		(10,000)		_		10,000	_		-	-
Total other financing sources (uses)		(10,000)		_		10,000	_		-	-
Excess of revenues and other financing sources over (under) expenditures and other financing uses		(46,645)		3,764		50,409	500		646	146
Fund balances, beginning of year		54,976		54,976		- 0, 100	47,130			140
Fund balances, end of year	\$		\$	58,740	\$	50,409 \$		<u></u>	47,130 47,776	<u>-</u> § 146
									.,	- 170

NOTES TO FINANCIAL STATEMENTS

March 31, 2004

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Township of Free Soil, Mason County, Michigan, conform to generally accepted accounting principles as applicable to governmental units.

REPORTING ENTITY:

In accordance with the provisions of the Governmental Accounting Standards Board's Statement No. 14 "The Financial Reporting Entity," the general purpose financial statements of the Township contain all the Township funds and account groups that are controlled by or dependent on the Township's executive or legislative branches.

The reporting entity is the Township of Free Soil. The Township is governed by an elected Township Board. As required by generally accepted accounting principles, these financial statements present the Township as the primary government.

JOINT OPERATIONS:

The Township participates as a member of the Mason County Rural Fire Authority.

BASIS OF PRESENTATION:

The financial activities of the Township are recorded in separate funds and account groups, categorized, and described as follows:

Governmental Funds:

- General Fund This fund is used to account for all financial transactions except those required to be accounted for in another fund. The fund includes the general operating expenditures of the local unit. Revenues are derived primarily from property taxes, state and federal distributions, and other intergovernmental revenues.
- Special Revenue Funds These funds are used to account for specific governmental revenues requiring separate accounting because of legal or regulatory provisions or administrative action.

Fiduciary Funds:

• The Current Tax Collection Funds is used to account for assets held as an agent for others

Account Group:

• General Fixed Assets Account Group – This account group presents the fixed assets of the local unit utilized in its general operations.

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2004

MEASUREMENT FOCUS/BASIS OF ACCOUNTING:

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental fund types are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present revenues and other financing sources and expenditures and other financial uses in net current assets.

The modified accrual basis of accounting is followed by the governmental fund types. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual which is both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures, other than principal and interest on long-term debt, are recorded when the related fund liability is incurred, if measurable. Principal and interest on general long-term debt is recognized when due.

Revenues from local sources consist primarily of property taxes. Property taxes and revenues received from the State are recognized when susceptible to accrual. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned since they are measurable and available.

PROPERTY TAXES:

Property taxes are accrued in the year in which they are levied. The tax levy is recorded as deferred revenue until the subsequent year when it becomes available for use.

Properties are assessed as of December 31 and the related property taxes become a lien on July 1 of the following year. These taxes are due on September 14, with the final collection date of March 1 before they are added to the county tax rolls. The Township 2003 tax roll millage rate was .8485 mills and the taxable value was \$20,953,716.

FIXED ASSETS:

Purchases of general fixed assets for all funds are recorded as expenditures in their respective funds at the time of purchase. They are also recorded at cost in the General Fixed Assets Group of Accounts as required by generally accepted accounting principles.

INVESTMENTS:

Investments, if any, are stated at market.

RECEIVABLES:

Receivables have been recognized for all significant amounts due to the Township. Allowances for uncollectible accounts have not been provided for in that collection is not considered doubtful and any uncollected amount would be immaterial.

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2004

INVENTORIES:

Inventories of supplies are considered to be immaterial and are not recorded.

COMPENSATED ABSENCES (VACATION AND SICK LEAVE):

Employees are not allowed to accumulate vacation and sick pay and therefore none is recorded in the financial statements.

BUDGETS AND BUDGETARY ACCOUNTING:

The following procedures are followed in establishing the budgetary data reflected in these general purpose financial statements:

- 1. Prior to the beginning of the fiscal year, the proposed budget for each budgetary fund is submitted to the Township Board for consideration.
- 2. The proposed budgets include expenditures as well as the methods of financing them.
- 3. Public hearings are held to obtain taxpayer comments.
- 4. The budgets are adopted at the activity level by a majority vote of the Township Board.
- 5. The budgets are adopted on the modified accrual basis of accounting.
- 6. The originally adopted budgets can be amended during the year only by a majority vote of the Township Board.
- 7. The adopted budgets are used as a management control device during the year for all budgetary funds.
- 8. Budget appropriations lapse at the end of each fiscal year.
- 9. The budgeted amounts shown in these general purpose financial statements are the originally adopted budgets with all amendments that were approved by the Township Board during the fiscal year.

ENCUMBRANCES:

Encumbrances involving the current recognition of purchase orders, contracts, and other commitments for future expenditures are not recorded.

POST-EMPLOYMENT BENEFITS:

The Township provides no post-employment benefits to past employees.

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2004

NOTE 2 – DEPOSITS AND INVESTMENTS

Total Deposits

Michigan Compiled Laws, Section 129.91, authorizes the Township to deposit and invest in the accounts of federally insured banks, credit unions, and savings and loan associations; bonds, securities, and other direct obligations of the United States, or any agency or instrumentality of the United States; United States government or federal agency obligation repurchase agreements; banker's acceptance of the United States banks; commercial paper rated within the two highest classifications, which mature not more than 270 days after the date of purchase; obligations of the State of Michigan or its political subdivisions which are rated as investment grade; and mutual funds composed of investment vehicles which are legal for direct investment by local units of government in Michigan. Financial institutions eligible for deposit of public funds must maintain an office in Michigan.

The Township Board has designated one bank for the deposit of Township funds. The investment policy adopted by the Board in accordance with *Public Act 196 of 1997* has authorized investment in all investments authorized by state law as listed above.

The Township's deposits and investments are in accordance with statutory authority.

The Governmental Accounting Standards Board Statement No. 3, risk disclosures for the cash deposits, are as follows:

A	Imounts	
\$	98,621	

Bank

Amounts in the bank balances are without considering deposits in transit or uncleared checks.

	Balances
Insured (FDIC)	<u>\$</u> 106,101
Total Deposits	\$ 106,101

The Township of Free Soil did not have any investments as of March 31, 2004.

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2004

NOTE 3 – FIXED ASSETS

A summary of changes in general fixed assets follows:

	Balance 3/31/03	Add	ditions	Del	etions	Balance 3/31/04
Land Buildings and improvements Equipment	\$ 10,476 38,512 27,497	\$	770 - -	\$	- -	\$ 11,246 38,512 27,497
Totals	\$ 76,485	\$	770	\$	-	\$ 77,255

NOTE 4 - INTERFUND RECEIVABLES AND PAYABLES

The amounts of interfund receivables and payables are as follows:

Interfund Fund Receivable		Fund	Interfund Payable	
General	<u>\$ 1,500</u>	Current Tax Collection	\$ 1,500	

NOTE 5- DEFERRED COMPENSATION PLAN

The Township does not have a deferred compensation plan.

NOTE 6 – PENSION PLAN

The Township has a defined contribution pension plan covering all full-time employees. The Township contributes a percentage of each covered employee's wages to the plan. Pension expense for the fiscal year ended March 31, 2004 was \$2,093.

NOTES TO FINANCIAL STATEMENTS (continued)

March 31, 2004

NOTE 7 - RISK MANAGEMENT

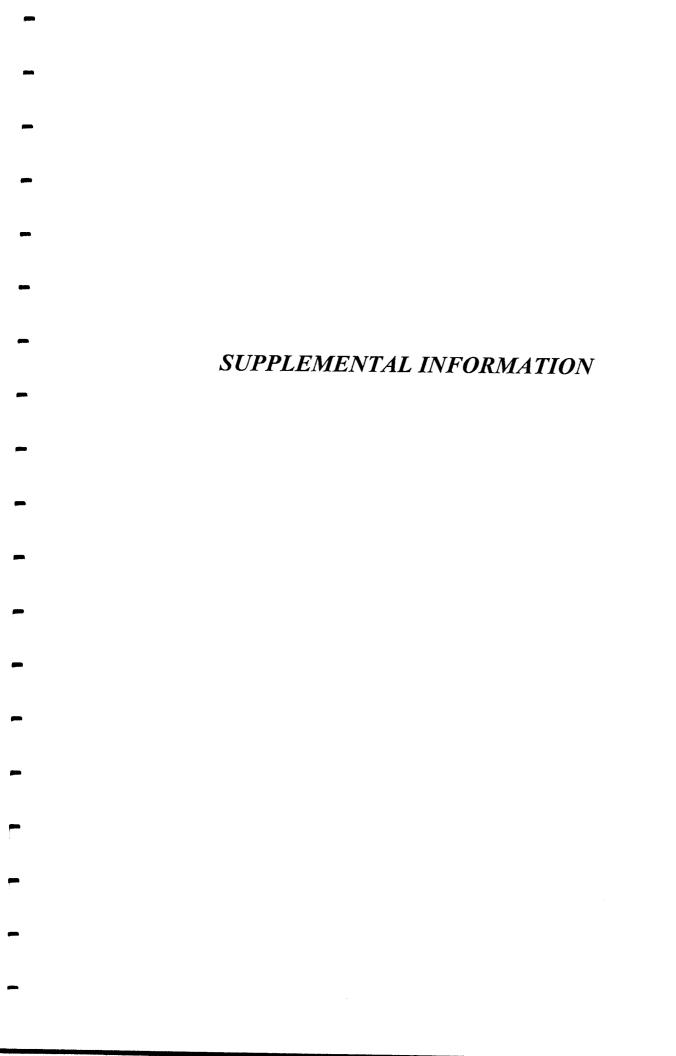
The Township is exposed to various risks of loss related to property loss, torts, errors, omissions, and employee injuries (workers' compensation). The Township has purchased commercial insurance for property loss, torts, and workers' compensation claims. Settled claims relating to the commercial insurance have not exceeded the amount of insurance coverage in any of the past three fiscal years.

NOTE 8 – BUILDING PERMITS

The Township of Free Soil does not issue building permits. Building permits are issued by the County of Mason.

NOTE 9 – TOTAL COLUMNS ON COMBINED STATEMENTS – OVERVIEW

The total columns on the combined financial statements are captioned "Memorandum Only" to indicate that they are presented only to facilitate financial analysis. Data in these columns do not present financial position, results of operations, or changes in financial position in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation because interfund eliminations have not been made in the aggregation of this data.



GENERAL FUND

STATEMENT OF REVENUES

REVENUES:	
Current Taxes:	
Property taxes	\$ 17,779
Penalties and interest on taxes	688
Property tax administration fee	5,006
National Forest	1,009
	24,482
State Grants:	
State revenue sharing – sales tax	48,301
State revenue sharing – right-of-way	930
To the state of th	49,231
Interest and Rents:	
Interest earned	732
Rents	985
	1,717
Other Revenue:	
Cemetery lots and perpetual care	925
Reimbursements	6,913
Miscellaneous/other	100
	7,938
Total revenues	\$ 83,368

GENERAL FUND

STATEMENT OF EXPENDITURES

For the Year Ended March 31, 2004

EXPENDITURES

General Government:

Board:	
Personnel	\$ 1,700
Fringe benefits	365
Dues and memberships	461
Printing and publications	208
Insurance	3,981
Other	903
Supervisor:	7,618
Personnel	
Fringe benefits	4,800
Supplies	576
Mileage/auto	37
Milougo uuto	600
Clerk:	6,013
Personnel	5.140
Fringe benefits	5,142
Supplies	633
Telephone	349
Mileage/auto	210
8	600
D 1 . C D	6,934
Board of Review:	·
Personnel	720
Fringe benefits	119
	839
Treasurer:	
Personnel	4,869
Fringe benefits	721
Supplies	1,216
Mileage/auto	600
Assessor:	7,406
Supplies	2.207
Contracted services	2,287
2011110100 001 11000	8,200
	10,487

GENERAL FUND

STATEMENT OF EXPENDITURES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued

General Government, continued:	
Hall:	
Personnel	1,058
Fringe benefits	223
Supplies	516
Contracted services	400
Utilities	1,846
	4,043
Cemetery:	
Personnel	1,122
Fringe benefits	177
Supplies	387
Contracted services	2,587
Utilities	110
	4,383
Total general government	47,723
Public Safety:	
Fire Department:	
Supplies	2,419
Contracted services	6,057
Utilities	4,160
	12,636
Total muhlio cafatu	
Total public safety	12,636
Public Works:	
Drains:	
Contracted services	375
Roads:	
Contracted services	17,890
Street Lighting:	
Utilities	110
Total public works	18,375

GENERAL FUND

STATEMENT OF EXPENDITURES, continued

For the Year Ended March 31, 2004

EXPENDITURES, continued

Recreation and Culture:

- · · · · · · · · · · · · · · · · · · ·	
Park: Personnel	100
Total recreation and culture	100
Capital Outlay:	
General Government: Building and grounds	770
Total capital outlay	770
Total expenditures	\$ 79,604

SPECIAL REVENUE FUNDS

COMBINING BALANCE SHEET

March 31, 2004

		Hall Building Fund		Cemetery Fund		Liquor Law Enforcement Fund		Totals	
ASSETS:									
Cash and equivalents	\$	30,000	\$	17,530	\$	246	\$	47,776	
Total assets	\$	30,000	\$	17,530	\$	246	\$	47,776	
LIABILITIES AND FUND EQUITY: Liabilities:	\$	-	\$	-	\$	_	\$	_	
Total liabilities		_		-		-	<u> </u>	-	
Fund Equity: Fund Balance:									
Reserved		20.000		15.520		246		246	
Unreserved, undesignated		30,000		17,530				47,530	
Total fund equity		30,000		17,530		246		47,776	
Total liabilities and fund equity	\$	30,000	\$	17,530	\$	246	\$	47,776	

SPECIAL REVENUE FUNDS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

	Hall Building Fund		Cemetery Fund		Liquor Law Enforcement Fund		Totals	
REVENUES: Intergovernmental: State grants	\$	-	\$	-	\$	385	\$	385
Other revenue Total revenues		-		400		385		400 785
EXPENDITURES:								
Public safety				-		139		139
Total expenditures		-		-		139		139
Excess of revenues over (under) expenditure	es	-		400		246		646
Fund balances, beginning of year		30,000		17,130		<u>-</u>		47,130
Fund balances, end of year	\$	30,000	\$	17,530	\$	246	\$	47,776

CURRENT TAX COLLECTION FUND

STATEMENT OF CHANGES IN ASSETS AND LIABILITIES

	Balance 3/31/03		Additions		Deductions		Balance 3/31/04	
ASSETS:								
Cash in bank	\$	1,500	\$	452,040	\$	452,040	\$	1,500
Total assets	Angle in a second	1,500	\$	452,040	\$	452,040	\$	1,500
LIABILITIES:								
Due to other funds Due to other units	\$	1,500 -	\$	20,475 431,565	\$	20,475 431,565	\$	1,500
Total liabilities	\$	1,500	\$	452,040	\$	452,040	\$	1,500



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MANAGEMENT LETTER

To the Township Board Township of Free Soil Mason County, Michigan

We have completed our examination of the financial statements of the Township of Free Soil for the year ended March 31, 2004, and have issued our report thereon dated June 17, 2004. As part of our examination, we made a study and evaluation of the Township's system of internal accounting control to the extent we considered necessary to evaluate the system as required by generally accepted auditing standards. The purpose of our study and evaluation was to determine the nature, timing and extent of the auditing procedures necessary for expressing an opinion on the Township's financial statements. Our study and evaluation was more limited than would be necessary to express an opinion on the system of internal accounting control taken as a whole.

The Township's administration is responsible for establishing and maintaining a system of internal accounting control. In fulfilling this responsibility, estimates and judgments by the administration are required to assess the expected benefits and related costs of control procedures. The objectives of a system are to provide the administration with reasonable, but not absolute assurance that assets are safeguarded against unauthorized use or disposition and that transactions are executed in accordance with the administration's authorization and recorded properly to permit the preparation of financial statements in accordance with generally accepted accounting principles.

Because of inherent limitations in any system of internal accounting control, errors or irregularities may, nevertheless, occur and not be detected. Also, projection of any evaluation of the system to future periods is subject to the risk that procedures may become inadequate because of changes in conditions or the degree of compliance with the procedures may deteriorate.

Our study and evaluation made for the limited purpose described in the first paragraph would not necessarily disclose all material weaknesses in the system. Accordingly, we do not express an opinion on the system of internal accounting control of the Township of Free Soil taken as a whole. Our study and evaluation disclosed no conditions that we believe to be material weaknesses.

This report is intended solely for the use of the Township's management and should not be used for any other purpose.

We wish to extend our appreciation to you and your staff for the assistance accorded us during our examination. If there is a need to discuss the above comments further, please contact us at your convenience.

Berthiaume & Company Certified Public Accountants

June 17, 2004